

Message Text

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ORIGIN AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 DODE-00 NSAE-00 ICA-11
TRSE-00 SOE-02 DOE-15 CIAE-00 COME-00 CAB-02
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R 120159Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA
INFO AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: EAIR, EFIN, CG, US

SUBJECT: APPLICATION FOR AIRCRAFT EXPORT LICENSE FOR ZAIRE

REF: KINSHASA MEMCON, APRIL 4, 1978, "SALE OF L-100
HERCULES"

1. DEPT HAS UNDER CONSIDERATION APPLICATION FOR EXPORT
LICENSE FILED WITH DOC BY LOCKHEED IN CONNECTION WITH PRO-
POSED SALE OF L-100-30 AIRCRAFT, PLUS SPARES, IN CARGO
CONFIGURATION TO SOCIETE COMMERCIAL D'IMPORTATION BEMBA,
(SCIBE) KINSHASA. ALTHOUGH APPLICATION CITES TOTAL SELLING
PRICE AT DOLLARS 13.4 MILLION, WE ARE INFORMED BY LOCKHEED
THAT PACKAGE HAS BEEN REDUCED TO TOTAL OF DOLLARS 9.9 MIL-
LION BY CUTTING BACK SPARES AND TRAINING ORIGINALLY ENVI-
SAGED.

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2. WE UNDERSTAND SCIBE INTENDS USE AIRCRAFT FOR GENERAL
CARGO PURPOSES, POSSIBLY TO BE EMPLOYED IN EVACUATION OF
COFFEE STOCKS FROM KIVU WITH NET EFFECT OVER TIME OF IN-
CREASING ZAIRE'S FOREIGN EXCHANGE RESERVES.

3. PURSUANT TO DEPT'S INQUIRIES, WE ARE INFORMED BY LOCK-
HEED THAT TERMS OF PURCHASE INCLUDE DOLLARS 500,000 DOWN

PAYMENT ON SIGNATURE OF LETTER OF INTENT, 40 PERCENT BY

MAY 15 AND BALANCE ON DELIVERY, LIKELY IN DECEMBER.
LOCKHEED ALSO INFORMS US THAT PURCHASE IS BEING FINANCED
THROUGH DOLLARS 10 MILLION LINE OF CREDIT EXTENDED TO
SCIBE BY BANQUE BELGOLAIS IN BRUSSELS, SUCCESSOR TO
BANQUE DU CONGO. SIZE OF PACKAGE WAS REDUCED, PER LOCK-
HEED, TO DOLLARS 9.9 MILLION TO GET UNDER THE MAXIMUM OF
DOLLARS 10 MILLION BELGOLAISE WAS WILLING TO PUT UP.
LOCKHEED IS INFORMED THAT AS OF MAY 8 OR 9 BELGOLAISE IS
TRANSFERRING 40 PERCENT TO U.S. BANK FOR LOCKHEED ACCOUNT.
LOCKHEED SAYS IT IS NOT INFORMED AS TO REPAYMENT TERMS
AGREED BETWEEN BELGOLAISE AND SCIBE, NOR AS TO ANY
UNDERSTANDING BETWEEN SCIBE AND CENTRAL BANK IN KINSHASA
IN REGARD TO FOREIGN EXCHANGE ALLOCATION.

4. LOCKHEED HAS BEEN TOLD BY SCIBE THAT AN APPLICATION
TO OPERATE THIS AIRCRAFT IN CARGO CONFIGURATION HAS BEEN
SUBMITTED TO GOZ AND, FURTHER, THAT PRESIDENT MOBUTU
HAS BEEN INFORMED AND APPROVES OF OPERATION.

5. WE RECOGNIZE THAT PROPOSED USE OF AIRCRAFT WOULD SEEM
TO ACCORD WITH ZAIRE'S DEVELOPMENTAL PRIORITIES AND
THAT, IF PROPERLY EMPLOYED, IT WOULD PLAY A SIGNIFICANT
ROLE IN GENERATING ADDITIONAL FOREIGN EXCHANGE. WE
ARE NOT, HOWEVER, IN A POSITION TO JUDGE WHETHER OR NOT
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THIS TRANSACTION HAS IN FACT RECEIVED THE APPROVAL OF THE
APPROPRIATE ZAIRIAN AUTHORITIES OR WHETHER IT ACCORDS
WITH THE LETTER OR SPIRIT OF ZAIRIAN EXCHANGE CONTROL
REGULATIONS, LEGISLATION AND POLICY.

6. ACTION REQUESTED: EMBASSY IS REQUESTED TO DRAW ON
FOREGOING WITH ZAIRIAN AUTHORITIES TO BE SURE THAT THEY
ARE AWARE OF OUR INTEREST IN ASSURING THAT THIS PROPOSED
TRANSACTION IS KNOWN TO AND HAS APPROVAL OF GOZ IN
CONTEXT OF OVERALL GOZ FINANCIAL AND DEVELOPMENTAL
PRIORITIES. WE WOULD NOT WISH INADVERTENTLY TO ENDORSE
THE OBLIGATION OF FUTURE ZAIRIAN FOREIGN EXCHANGE
EARNINGS IN REPAYMENT OF LOAN WHICH MAY NOT FALL IN
HIGHEST BRACKET OF ZAIRIAN PRIORITIES FOR FOREIGN
EXCHANGE ALLOCATION.

7. FYI: THERE ARE OBVIOUS TROUBLESOME ASPECTS TO THIS
SALE AND THE MODE OF FINANCING. NEVERTHELESS WE BELIEVE
WE CANNOT APPROPRIATELY GO FURTHER THAN THE FOREGOING
WITH THE GOZ WHICH IS DESIGNED, AS A MINIMUM, TO PUT IT
ON NOTICE THAT WE ARE MONITORING SUCH TRANSACTIONS
CLOSELY IN THE CONTEXT OF THE MULTILATERAL EFFORT TO

EFFECT ECONOMIC REFORM AND RECOVERY IN ZAIRE. END FYI.

8. ON RECEIPT OF ZAIRIAN RESPONSE VIA EMBASSY, DEPARTMENT
WILL TAKE APPROPRIATE ACTION ON EXPORT APPLICATION. VANCE

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Message Attributes

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